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Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 PM-05 NSC-05 SP-02 SS-15
CIAE-00 DODE-00 INR-10 NSAE-00 PA-01 ICA-11
ACDA-12 /084 W
----------036691 071051Z /21
R 051201Z APR 78
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 698
INFO AMEMBASSY ISLAMABAD
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY STOCKHOLM
CINCPAC
AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS

C O N F I D E N T I A L NEW DELHI 5257

CINCPAC FOR POLAD

E.O. 11652: GDS
TAGS: MASS, MMOL, IN
SUBJECT: DPSA ACQUISITION: ALLEGATIONS OF A PAY-OFF

1. THE DEPUTY LEADER OF THE JANATA PARLIAMENTARY PARTY, SHYAM NANDAN MISHRA, PROVOKED AN UPROAR IN THE LOK SABHA, APRIL 4, WHEN HE RAISED THE POSSIBILITY THAT PAY-OFFS MAY HAVE BEEN MADE IN CONNECTION WITH INDIA'S PURCHASE OF A DPSA. MISHRA BEGAN BY REFERRING TO RECENT ARTICLES IN SEVERAL BRITISH PAPERS WHICH HE READ TO MEAN THAT A DECISION HAD ALREADY BEEN TAKEN TO ACQUIRE THE JAGUAR AND THE HARRIER. HE THEN WENT ON TO SAY:

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A. "DELHI IS CURRENTLY RIFE WITH RUMORS ABOUT ALL KINDS OF INFLUENCES AND PRESSURES BEING EMPLOYED TO CLINCH THE DEAL IN FAVOR OF ONE PARTY OR THE OTHER. WHILE DRAWING ATTENTION TO THESE REPORTS, MY SOLE OBJECT IS TO CAUTION THE GOVERNMENT AND THE HOUSE AGAINST FACTORS COMING IN THE WAY OF OBJECTIVE CONSIDERATION OF THE MATTER. I WOULD NOT LIKE THE

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IMPROPRIETY OF THESE REPORTS TO PREJUDICE THE CASE
EVEN OF THE AIRCRAFT WHOSE CASE THEY SEEM TO BE CAN-
VASSING. TO US, THE NATIONAL INTEREST IS PARAMOUNT
AND WE HAVE TO BE ALERT ABOUT THE SOUNDNESS OF SUCH
A HUGE DEAL INVOLVING THE MOST VITAL SECTOR OF OUR
NATIONAL LIFE."

B. "ONE THING WHICH OFTEN-TIMES IS SEEN TO
VITIATE SUCH DEALS IS THE COMMISSION AND PROMOTIONAL
EXPENSES WHICH THE COMPANIES TREAT AS PART OF THEIR
NORMAL TRANSACTION. WHILE THIS COULD BE AVILABLE
TO A PRIVATE AGENCY WHICH HELPS IN BRINGING ABOUT THE
DEAL WHERE A PRIVATE PARTY IS INVOLVED, IN THE
CASE OF TRANSACTION BETWEEN PUBLIC UNDERTAKINGS OF
TWO COUNTRIES, THIS, IF AT ALL, SHOULD COME TO THE
STATE WITH A CLEAR AND OPEN DECLARATION THAT NO AMOUNT
HAS PASSED WHICH CAN BE CHARACTERISED AS SLUSH MONEY."

2. HEATED EXCHANGES FOLLOWED, BOTH BETWEEN THE CONGRESS
AND JANATA MP'S AND WITHIN THE JANATA PARTY, AND THERE
WAS A CALL FOR AN EXPLANATION FROM THE DEFENSE MINISTER.
ON THE FOLLOWING DAY JAGJIVAN RAM TOLD THE LOK SABHA
THAT THERE WAS "NO FOUNDATION OF ANY KIND" TO MISHRA'S
INSINUATIONS. HE ALSO SAID THAT A "DECISION IN
PRINCIPLE" HAD BEEN MADE TO REPLACE THE CANBERRAS AND
THE HUNTERS BUT DENIED THAT A FINAL DECISION HAD BEEN
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MADE AS TO WHICH, IF ANY, OF THE AIRCRAFT UNDER CONSI-
DERATION (JAGUAR, MIRAGE F-1 AND VIGGEN) WOULD BE
PURCHASED. HE NOTED THAT THE EVALUATION TEAM HAD
SUBMITTED ITS REPORT ONLY A FEW DAYS AGO TO THE
CABINET COMMITTEE ON POLITICAL AFFAIRS, WHICH WOULD
MAKE THE FINAL DECISION.

3. COMMENT: POLITICAL MOTIVATIONS MAY BE BEHIND THE IMPLIED
ATTACK OF MISHRA, A SENIOR JANATA MP, ON THE DEFENSE
MINISTER. MISHRA IS BELIEVED TO BE CLOSE TO CHARAN
SINGH WHO COULD HAVE PROMOTED THE ATTACK AGAINST HIS
RIVAL, JAGJIVAN RAM. IN MAKING HIS ACCUSATION, MISHRA
GAVE VOICE TO THE DELHI RUMOR MILL WHICH HAS BEEN REPLETE
WITH TALK OF DPSA PAY-OFFS. WHILE MOST FINGERS POINT TO
THE FRENCH, THE ENTIRE ENVIRONMENT IS VERY COMPETITIVE.,
AND WE HAVE NO REASON TO BELIEVE THAT ONE POTENTIAL
SUPPLIER IS ANY MORE OR LESS GUILTY OF GREASING THE SKIDS
THAN THE OTHERS.
GOHEEN

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NNN

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
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Decaption Note:
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Disposition Approved on Date:
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